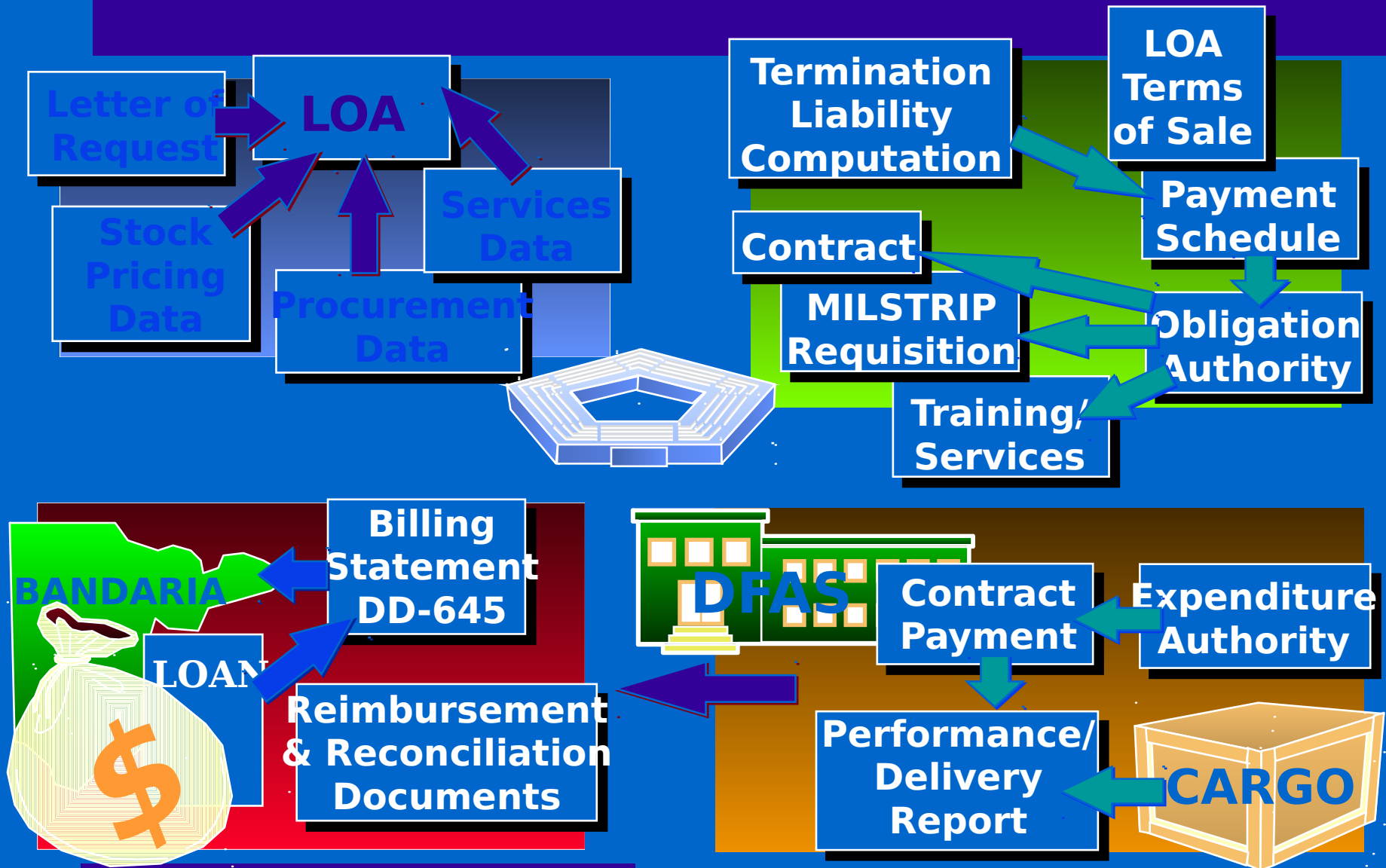


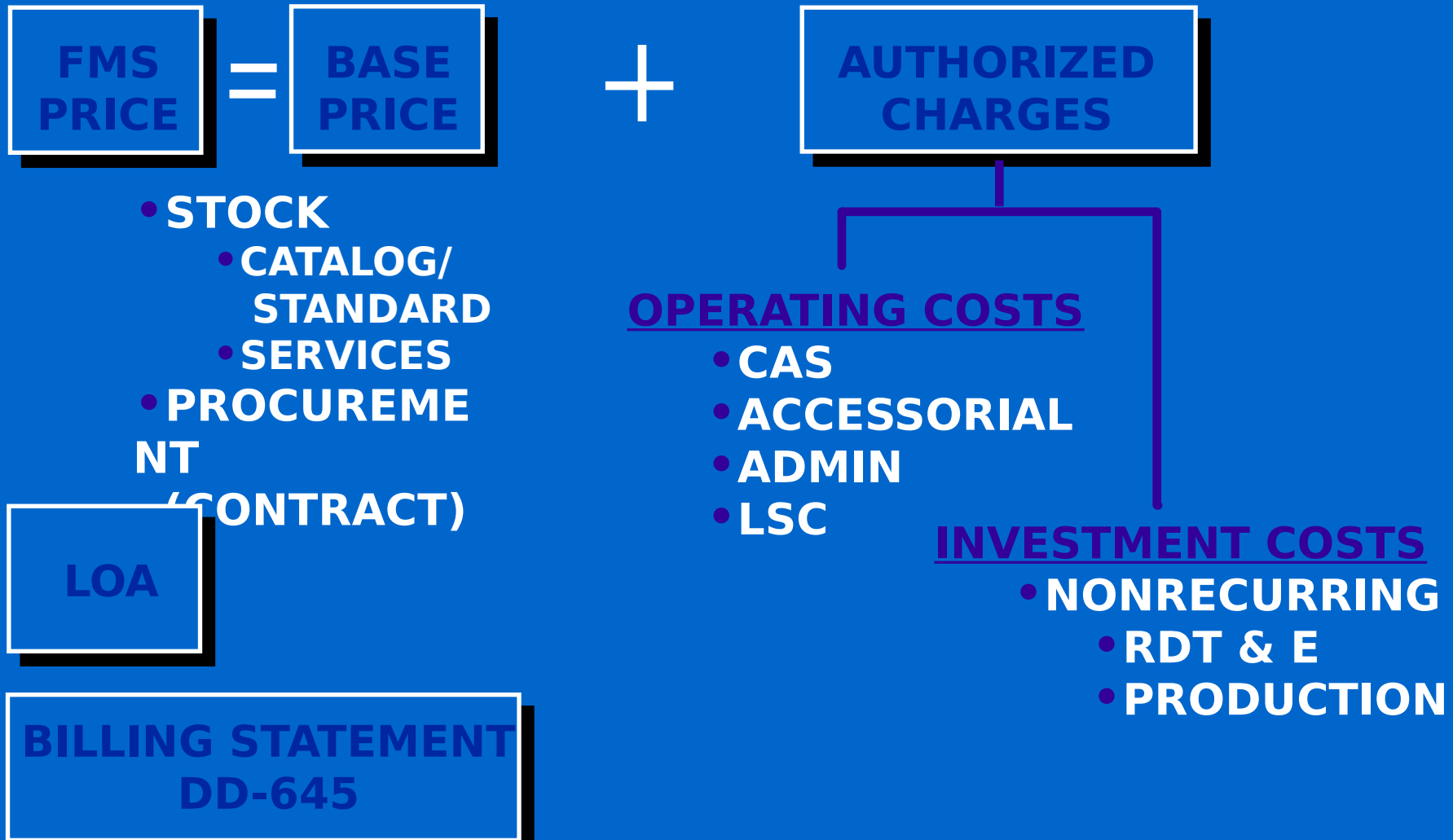
FMS Financial Management



• • • FMS Financial Management Responsibilities

- Under Secretary of Defense (Comptroller) [USD(C)]
- Director, Defense Finance and Accounting Service (DFAS)
- Deputate for Security Assistance, DFAS-Denver Center (DFAS/DE-I)
- Director, Defense Security Cooperation Agency (DSCA)
- Implementing agencies

FMS Price Formula

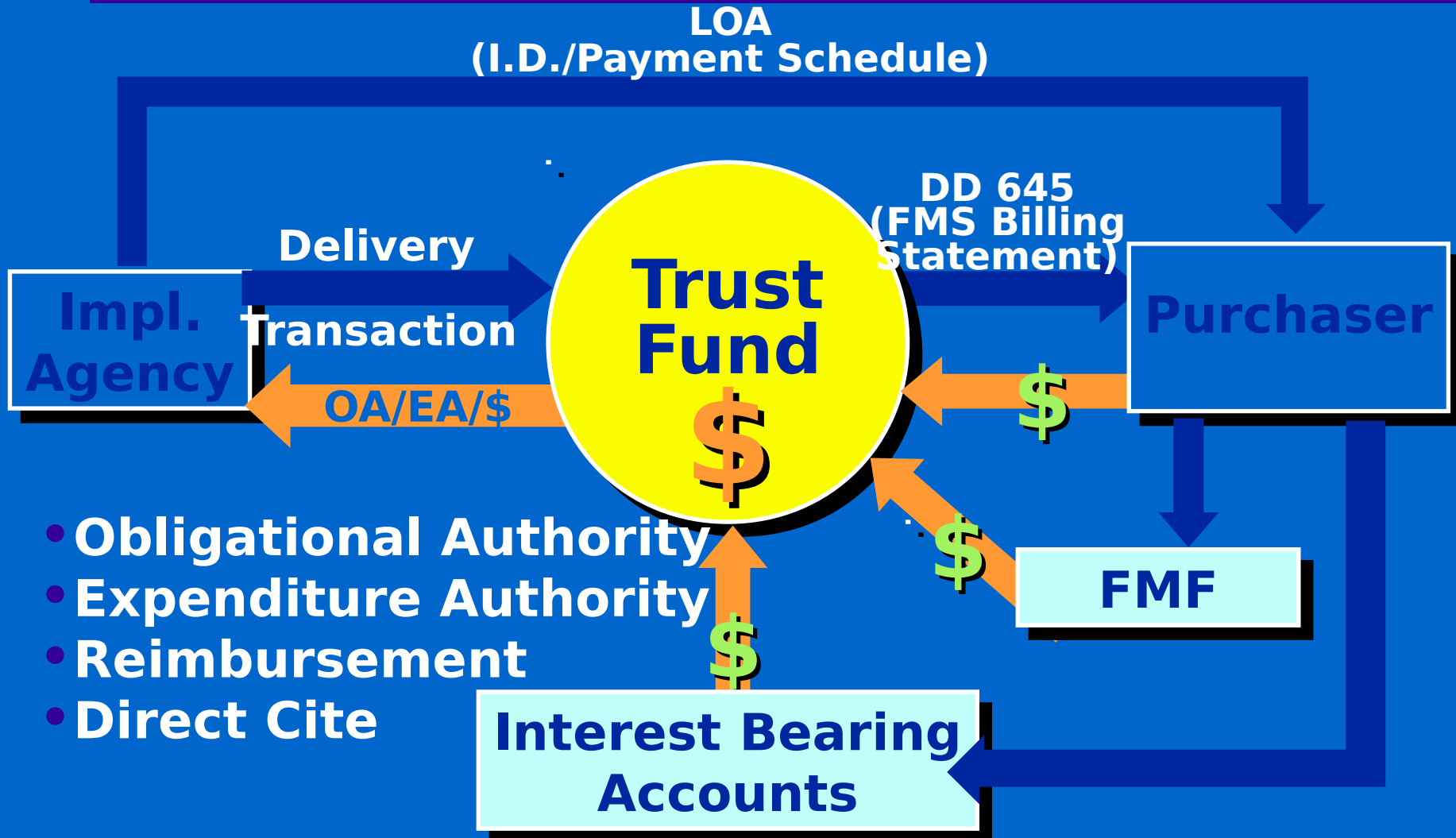


Open FMS Cases

(As of 5 Jan 2000)

Implementing Activity	Number of Cases	Cash Value (\$ Bils)	Collections (\$ Bils) Trust Fund & IBA	Deliveries (\$ Bils)
Army	4,483	49.8	40.5	35.1
Navy	5,093	60.9	53.0	38.4
Air Force	3,971	103.9	87.6	77.6
Other (DCAA, COE, DLA, NIMA, DSWA, DSCA)	928	12.5	11.5	12.1
Total	14,475	227.1	192.6	163.2

Flow of Funds



FMS Billing

Key Concepts

- By law, we must collect in advance
- FMS purchasers are billed quarterly (DD-645)
- DD- 645 summarizes activity accomplished plus forecast period
- DD-645 data input is by DoD components (via delivery transaction report)

FMS Billing Statements and Reports

- DD Form 645
 - Billing statement (quarterly)
 - Final statement of account
- FMS delivery listing
- FMS reply listing to customer requests for adjustments
- FMS financial forecast
- Holding account statement
- ACC suspense account

∴ Definition of a 'Closed Case'

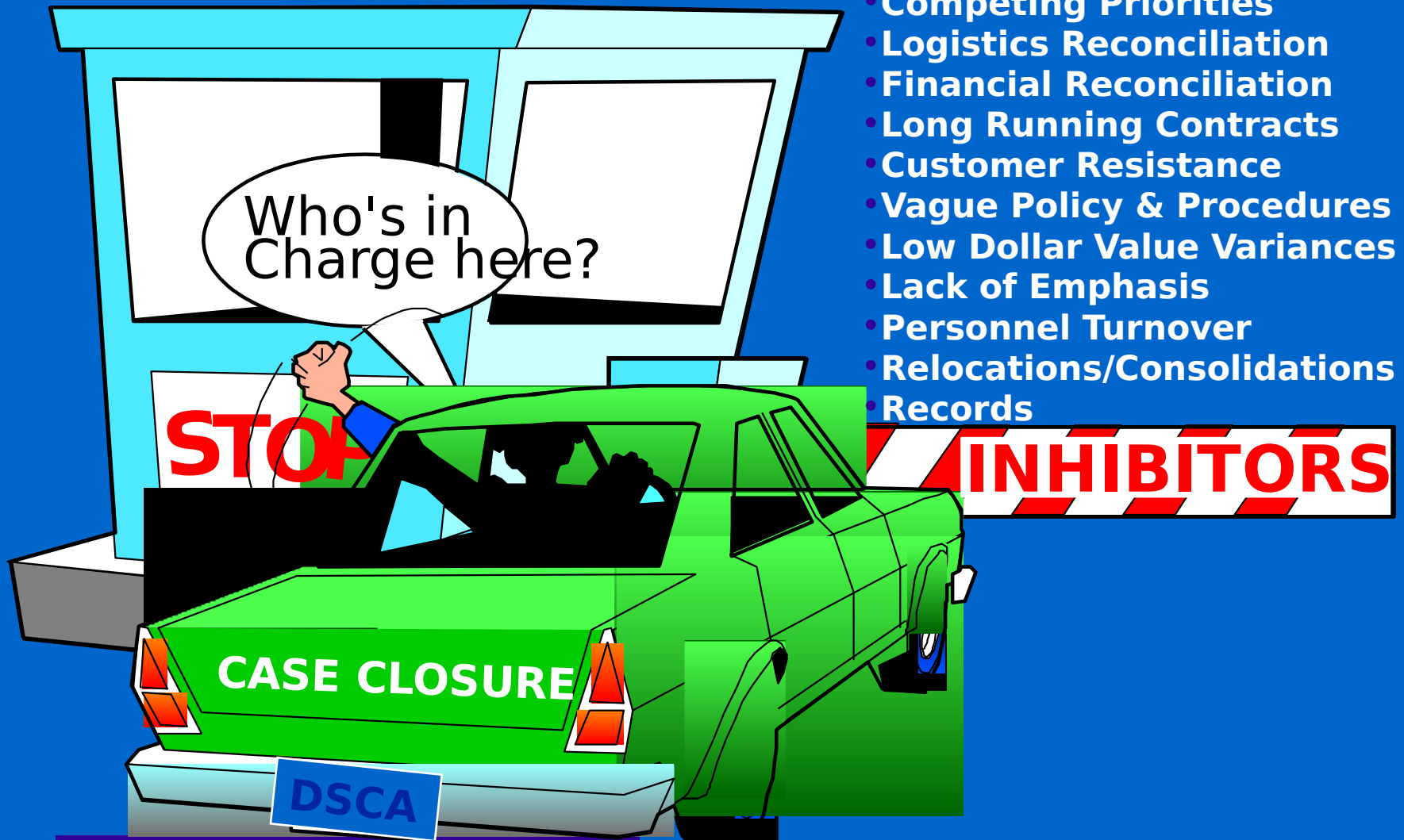
All material has been delivered

All services have been performed

All financial transactions, have been completed, no RODs/SDRs open, no litigation claims exist

- The customer has received a final statement of account

Case Closure Inhibitors



ACCELERATED CASE

Initiated in 1992

OBJECTIVES

Eliminate “long Running Contract” Problem

HOW

Estimate & Bill Final Disbursements (ULO)

Cases Closed Within 24 Months of Supply Complete

BENEFITS

Excess case Collections Returned Within 24 Months

Periodic refunds or Additional Collections through Case “Closure Suspense Account”

Closed Cases stay closed

Enhanced ACC Program

- ULO amount may include unreconciled balances as well as estimated contract values
- 24 months supply complete
- Other ACC criteria
- DSCA prioritizes and publishes listings
 - requests from county
 - oldest supply complete